

**VIRGINIA DEPARTMENT OF HEALTH  
OFFICE OF DRINKING WATER  
FINANCIAL AND CONSTRUCTION ASSISTANCE PROGRAMS (FCAP)**

**INSTRUCTIONS FOR COMPLETION OF APPLICATION FOR  
CONSTRUCTION FUNDS**

The following instructions are intended to supplement instructions and explanatory information incorporated into the PROGRAM DESIGN MANUAL and the APPLICATION FOR CONSTRUCTION FUNDS (Application). If you experience problems in completing the Application after reading through these documents, please do not hesitate to contact the following Program staff for direct assistance.

Mary Guthrie, Business Manager, 804/864-7505, or  
Thomas Slack, Project Officer, 804/864-7507

**SECTION B – ORGANIZATIONAL DATA**

Line 1.a., Name of Applicant: Record the legal name of the waterworks applying for funding. If this is a regional application, only enter the legal name of the lead applicant.

Line 1.c., Contact Person: Name of person who can provide additional information about the application.

**SECTION F – PROPOSED FINANCING**

Line 1.a., FCAP Funding Assistance Needed: Should equal Line 1.c. less the total of Other Funds Available on Lines in 1.b.

Line 1.c., Total Project Cost: Should equal the total of lines 1.a. and 1.b. and should also agree to Section E – Line 13.

Line 2.b., If yes, will interest savings be at least 5%: To answer this question you need to calculate the net present value of the interest expense for the debt to be refinanced and compare that calculation to the net present value of the interest expense should the debt be refinanced at 3% and at 4% for a 20 year term. The calculation must reflect at least a 5% savings in interest expense. Supporting documentation must be provided.

Line 4., Outstanding Debt – Parity: Parity means the liens on the current outstanding debt and the new debt have equal standing, i. e., the lien on the new debt is not junior to the lien on the current outstanding debt.

**SECTION G – PROJECT ISSUES**

*Note: To ensure a timely and accurate prioritization of your construction project, it is suggested that you carefully review Section X of the Program Design Manual before you complete this section of the Application.*

Line 1., Health Issues: Supporting documentation for your responses should include correspondence from the Virginia Department of Health (VDH) citing the health concerns and compliance issues.

Line 2., Median Household Annual Income (MHI): The MHI for Counties and Cities can be obtained from the Weldon Cooper Center for Public Service's web site at <ftp://ftp.virginia.edu/pub/cps/income>. **Contact us for additional details on conducting a site survey.**

Line 3., Regionalization: Non-complying waterworks means a VDH permitted waterworks that is documented to not be in compliance with VDH Waterworks Regulations.

Line 4., Readiness to proceed: For activities included in the New Construction Timeline which have been checked as "No" (meaning not completed), you should take into consideration the time required to procure goods and services in accordance with the Virginia Public Procurement Act, and the time required for the review and approval of the Preliminary Engineering Report (maximum of 45 days if approved by VDH on the first submittal), the Plans and Specifications (maximum of 60 days if approved by VDH on the first submittal) and the Environmental Review (normally requires about 90 days to complete) in order to establish a realistic timeline.

Line 12., Readiness to proceed - Project Implementation and Disbursement Schedule: The amounts entered in the "Quarters" columns are for VDH reimbursements of approved project costs and these costs can not be reimbursed until the loan closing has been completed. Loan closing activities begin at the time the project is advertised for bid and the closing process takes an average of six to eight weeks to complete depending on the borrower's individual needs. These matters should be taken into consideration in your establishment of quarterly projections. Finally, the total of the quarterly projections should equal the amount indicated in Section B – Proposed Financing, Line 1.a. FCAP Funding Assistance Needed.

## SECTION H – STATISTICAL DATA

Line 1., Water Users: The following example is provided to assist you in completing this section of the Application: *"An existing waterworks intends to construct a water line extension to serve an area of poor quality individual home wells. The waterworks currently has 260 total connections comprised of 246 residential connections. The waterworks plans to extend water lines to a new service area and projects 55 new residential connections and 5 new commercial connections with a population of 12 non-resident employees will be added to the existing system. Fifty-three (53) residential and 4 commercial user agreements have been obtained to date."* Based on this data lines 1.a. through 1.e. should be completed as follows:

Line 1.a., Existing number of total connections: **260** and population **780**.

*Note: Equals the population of 1.b. (738) plus others, i. e., non-resident commercial employees (42).*

Line 1.b., Existing number of residential connections **246** and population **738**.

*Note: If the residential population is not known, multiply the number of residential connections by the average number of persons per household. The Planning District Commission is often a good source of information for average persons per household.*

Line 1.c., Projected number of residential connections after project **301** and population **903**.

Line 1.d., Projected total connections of the project **60** and population **192**.

Line 1.e., For new service area – number of user agreements obtained **57**; **53** residential, **4** other.

### **SECTION I – CONSTRUCTION PROJECT BUDGET INFORMATION**

Line 13., Total, : The amount entered on this line should agree to Section B – Line 1.c..

### **SECTION J – FINANCIAL DATA**

Line 1. a.- g., Estimated Cost for Proposed Facilities : Amounts entered on these lines should be for the incremental costs for the proposed facilities and not include depreciation expense.

Line 2.a., Net O,M & R (for existing water facilities) : Do not include depreciation expense.

Line 2.c., O,M & R for Proposed Facilities : The amount entered on this line should agree to Section F – Line 1.g..

Line 4, Six-Year Cash Flow Analysis for the Proposed Project (Operating Budget) : We require that this information be prepared in a standard format. **Please contact us if you would like a sample format.**

**Example: Problem documentation**



**COMMONWEALTH OF VIRGINIA**  
**HEALTH DISTRICT**

March 9, 2006

Mr. George Washington  
Jones County Public Service Authority  
P.O. Box 01  
Jones, Virginia 23666

Dear Mr. Washington:

I am writing in support of your agency's attempt to eliminate a problem in the Jones Gap section of Jones County near Carter's Mill. As you know, a number of recent water samples from the supplies in the proposed project area having 258 homes have returned positive for total and fecal coliforms. Also, several private supplies have returned poor MPN testing.

I have attached the Investigation Report to substantiate the sampling and investigations relative to the condition of well construction. Such Report results in total represent a health hazard to household members, a number of whom are elderly and/or infants and children who are at special risk. Also, note the Report identifies several people as having a medical problem related to these conditions.

Improvements in the area of concern would provide immediate safe drinking water to the affected residents who continue to be at special health risk if assistance is not forthcoming.

Please let me know if our department can provide additional documentation of health risk in the project area.

Sincerely Yours,

R. U. Healthy  
Director

ATTACHMENT: Investigation Report

**Office of Drinking Water – FCAP Funding**

**Construction Application Instructions**  
**January 20, 2006**

Example: Resolution

**Jones County  
Public Service Authority**

**“RESOLUTION”**

**WHEREAS,** the Jones County Public Service Authority has applied for funding for various drinking water projects in the County;

**WHEREAS,** the Virginia Department of Health-Office of Drinking Water has funded several drinking water projects in the County.

**WHEREAS,** the Jones County Public Service Authority’s Board of Directors have reviewed project planning material and found that the pre-requirements have been met for submitting a funding application.

**THEREFORE, BE IT RESOLVED,** the Jones County Public Service Authority’s Board of Directors hereby vote to seek additional funding from the Office for the following project;

Jones Gap Water Project                      \$1,000,000

**THEREFORE, BE IT RESOLVED,** that the PSA Administrator immediately begin to process funding applications for these projects and be authorized to sign any and all documents to accept such funding contingent upon review and concurrence by the PSA Attorney.

Motion by: August Bush, Member

Seconded by: John Ford, Vice-Chairman

Aye     4                  Nay     0                  Absent     1    

This 10<sup>th</sup> day of March 2006

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Paul Jones, Chairman

Attest:

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Sam Adams, Assistant Secretary/Treasurer

\_\_\_\_\_ Water Project

Confidential Survey

The information requested from you for this survey is needed by the \_\_\_\_\_ so that the \_\_\_\_\_ can apply for federal and/or state funding to (extend water lines to serve your home) (make water infrastructure improvements to better meet your drinking water needs). Please understand that all information contained in this survey will be kept strictly confidential. Your cooperation is appreciated.

1. Name \_\_\_\_\_

2. Address \_\_\_\_\_

3. TOTAL HOUSEHOLD INCOME is defined as the income that all household members over age 17 receive from all sources, such as wages, salaries, interest income, investment income, social security, public assistance, or other sources. Find the statement below, which corresponds to your total household income and then check that line only.

- \_\_\_\_\_ My total household income is below \$24,000 per year.
- \_\_\_\_\_ My total household income is between \$24,000 and \$27,000 per year.
- \_\_\_\_\_ My total household income is between \$27,000 and \$30,000 per year.
- \_\_\_\_\_ My total household income is between \$30,000 and \$33,000 per year.
- \_\_\_\_\_ My total household income is between \$33,000 and \$38,000 per year.
- \_\_\_\_\_ My total household income is between \$38,000 and \$42,000 per year.
- \_\_\_\_\_ My total household income is between \$42,000 and \$46,000 per year.
- \_\_\_\_\_ My total household income is between \$46,000 and \$50,000 per year.
- \_\_\_\_\_ My total household income is between \$50,000 and \$55,000 per year.
- \_\_\_\_\_ My total household income is between \$55,000 and \$60,000 per year.
- \_\_\_\_\_ My total household income is between \$60,000 and \$65,000 per year.
- \_\_\_\_\_ My total household income is between \$65,000 and \$70,000 per year.
- \_\_\_\_\_ My total household income is between \$70,000 and \$75,000 per year.
- \_\_\_\_\_ My total household income is above \$75,000.

By my signature below, I certify that the information I have provided is, to the best of my knowledge, truthful and accurate

Signature: \_\_\_\_\_ Date: \_\_\_\_\_

7/7/03 rev.

WATER ENTERPRISE FUND  
6 YEAR CASH FLOW PROJECTION  
FOR PROPOSED PROJECT

January 20, 2006----VDH instructions-- follow template and for application purposes use 3% for 20 years for Total Project funds needed from VDH.							
Waterworks Name: Jones County PSA		Proposed Project: JONES GAP					
PWS ID number: 1-189-999							
Expenses Inflation Assumption: 2.5% per year							
Service Started:	01/01/06						
Operational Year #:	One	Two	Three	Four	Five	Six	Seven
Months Operated:	6	12	12	12	12	12	12
Year Ending:	06/30/06	06/30/07	06/30/08	06/30/09	06/30/10	06/30/11	06/30/12
1. Residential Rate and Water Sales Information							
0-2000 gallons	\$12.00						
2001-5000 gallons	\$5.00/1,000 gal						
5001-10,000 gallons	\$5.40/1,000 gal						
Over 10,000 gallons	\$6.40/1,000 gal						
Monthly average residential consumption: 5,000 gallons							
Monthly average residential billing: \$27.00	27.00	27.00	27.00	27.00	27.00	27.00	27.00
Projected total initial connections for project: 258	258	258	263	268	273	278	283
Projected new connections per year:		5	5	5	5	5	5
Total Residential connections		263	268	273	278	283	288
Projected annual residential water sales revenue:	41,796	85,212	86,832	88,452	90,072	91,692	93,312
2. Projected annual Other Connections water sales revenue (Explain):							
10 connections with average monthly consumption of 10,000 gallons.	3,240	6,480	6,480	6,480	6,480	6,480	6,480
No new connections anticipated. Residential rate is used.							
3. Projected total annual water sales revenue:							
	45,036	91,692	93,312	94,932	96,552	98,172	99,792
A. REVENUES							
Water Sales	45,036	91,692	93,312	94,932	96,552	98,172	99,792
Connection Fees @ \$1,000 each		5,000	5,000	5,000	5,000	5,000	5,000
Bulk Water Sales (Explain) None							
Fire Hydrant Fees (Explain): County contributes \$20,000 per year	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Interest		903	1,683	2,531	3,449	4,438	5,502
Penalties: Estimated at \$200 per year	200	200	200	200	200	200	200
Other Income (Explain): No other income							
1)							
2)							
TOTAL REVENUES	\$65,236	\$117,795	\$120,195	\$122,663	\$125,201	\$127,810	\$130,494

WATER ENTERPRISE FUND  
6 YEAR CASH FLOW PROJECTION  
FOR PROPOSED PROJECT

Service Started:	01/01/06						
Operational Year #:	One	Two	Three	Four	Five	Six	Seven
Months Operated:	6	12	12	12	12	12	12
Year Ending:	06/30/06	06/30/07	06/30/08	06/30/09	06/30/10	06/30/11	06/30/12
<b>B. EXPENSES - OPERATIONAL</b>							
Labor	6,438	13,197	13,527	13,865	14,212	14,567	14,931
Utilities	3,110	6,376	6,535	6,698	6,866	7,037	7,213
Materials and Supplies	2,755	5,648	5,789	5,934	6,082	6,234	6,390
Bulk Water Purchases	0	0	0	0	0	0	0
Outside Service and Labor Costs	500	1,025	1,051	1,077	1,104	1,131	1,160
Equipment and Parts Repair	798	1,635	1,676	1,718	1,761	1,805	1,850
Other Operational Expense (Explain) - Not Depreciation							
1)	300	308	315	323	331	339	348
2)							
TOTAL EXPENSES ( Agree with section J of Application)	\$13,900	\$28,188	\$28,892	\$29,614	\$30,355	\$31,114	\$31,892
<b>C. Amount Available for Debt Payments( Total Revenues minus Total Expenses)</b>	\$51,336	\$89,608	\$91,303	\$93,049	\$94,846	\$96,697	\$98,602
<b>D. DEBT EXPENSE To be incurred for proposed project</b>							
1) VDH funding: \$1,000,000 loan at <b>3.0% for 20 years</b> . First payment is interest only for the construction period plus for the 6 months since service began. The remaining 39 semi-annual payments of \$35,054.50 are for principal and interest.	28,750	70,109	70,109	70,109	70,109	70,109	70,109
2) USDA	0	0	0	0	0	0	0
3)							
TOTAL DEBT EXPENSE	\$28,750	\$70,109	\$70,109	\$70,109	\$70,109	\$70,109	\$70,109
<b>E. Annual Cash Flow Balance ( "Amount Available for Debt Payments" minus "Total Debt Expense")</b>	\$22,586	\$19,499	\$21,194	\$22,940	\$24,737	\$26,588	\$28,493
<b>F. Accumulated Cash Flow Balance</b>	\$22,586	\$42,085	\$63,279	\$86,219	\$110,956	\$137,543	\$166,036
<b>G. Based on this Cash Flow Analysis, is a rate increase needed? If Yes, please indicate plans for rate increase.</b>							



\* Per Annual Financial Report